

# FINANCIAL RESOURCES

*Perhaps the greatest challenge to obtaining the vision of the Comprehensive Plan is financial. Will the funds be available to provide for infrastructure needs of new development while maintaining and improving the quality of life for the existing community? There must be a balance between the potential benefits of providing areas for future development and the significant costs of providing services to these areas.*

*This section, as well as much of the Comprehensive Plan, focuses on capital improvements and provides principles and strategies for the financing of urban and rural infrastructure improvements. It is important to remember that capital improvement costs do not reflect long term operating costs which also must be taken into account. In so doing, however, it should be remembered that the costs to maintain and operate these facilities are often greater than the original capital cost. For example, schools, libraries, fire stations, and police substations are relatively inexpensive when compared to their long term operating costs. Too often the focus on infrastructure focuses only on the one time capital costs and not on the long term costs.*

## G GUIDING PRINCIPLES

In order to meet the goals of financing new improvements and maintaining the built environment, the following principles are identified:

### OVERALL GUIDING PRINCIPLES

There needs to be a balance between new infrastructure in developing areas and the improvements and maintenance needs of the existing community. ~~Funding for infrastructure improvements should not focus all of the funds into developing areas, leaving inadequate resources to address needs in other areas.~~ The City and County need to adequately fund infrastructure maintenance and improvements in existing towns and neighborhoods, while adequately funding our infrastructure needs for our community's growth.

The City and the County will work cooperatively in as many areas as possible in order to provide services in the most efficient manner possible.

### GUIDING PRINCIPLES FOR FINANCING RURAL INFRASTRUCTURE

New acreage residential will be grouped together in a specific area to enable services to be provided more efficiently, such as reducing the amount of paved roads, fewer and shorter school bus routes and more cost effective rural water district service.

Direct and support residential, commercial, and industrial growth to incorporated cities and towns in order to maintain a tax base for the services and utilities in the towns.

## **GUIDING PRINCIPLES FOR FINANCING URBAN INFRASTRUCTURE**

**A Balanced Approach:** The community at large should provide more financing of maintenance and improvements in existing areas. Both new and existing development should pay its fair share of improvement costs due to growth and maintenance. In general, improvements which are of general benefit to the whole community should be paid by the community while improvements which are of special benefit to a specific area should be paid by that area.

**Develop a Fair & Predictable System:** Distribute infrastructure costs fairly among all property owners who benefit from the improvements. The goal of the financing system is that costs should be known in advance of development. Property owners should participate in funding improvements in new areas at generally the same rate.

**Conformance with Comprehensive Plan:** Infrastructure improvements should continue to be developed only in areas identified for development in the Lincoln/ Lancaster County Comprehensive Plan. One of the most important tools in financing, is adherence to the physical plan for the community. Following the Plan for development and systematic improvements throughout Lincoln increases efficiency in construction and maximizes the community's investment.

**Conformance with Capital Improvements Program (CIP):** The CIP should be utilized to provide a systematic and predictable forum for determining the timing of infrastructure improvements.

**Greater Development Efficiency:** Maximize the community's investment in infrastructure through greater efficiency in residential and commercial development. Particularly in new development, an increase in the amount of commercial floor area and residential population, compared to typical suburban patterns, will decrease the amount of infrastructure necessary overall in the community.

**Use an Appropriate Financing Method for Each Infrastructure Need:** One method of financing may not be appropriate for all types of infrastructure needs.

**Minimize Impact on Affordable Housing:** Infrastructure financing should not increase the cost of affordable housing in Lincoln and the City should encourage retention of affordable new housing in existing neighborhoods.

**Minimize Impact on Those Who Are Not Developing Land:** As much as possible, property owners should only be assessed or pay the improvement costs at the time they seek approval of development proposals or building permits. Financing mechanisms should not impact property owners in an area under development who don't want to develop their land at that time. However, property owners are not encouraged to hold their property out of development indefinitely. It may be necessary to annex property and assess improvements costs to property in the Future Service Limit, but not yet developing, in order to develop the adjacent land. The community should grow in an orderly compact fashion and therefore infrastructure improvements should be made in a timely manner. Property owners need to be educated about the growth and infrastructure plans to reduce the elements of surprise and anger and to foster more informed personal planning decisions.

~~**Increase the Amount of Revenue:** Today, some new developments pay a lot for improvements while others sometimes pay nothing. In the future, all new developments should pay at generally the same level.~~

**Build More Improvements Sooner:** The City should attempt to build more road, water and wastewater improvements each year, without an adverse impact on property taxes. Accelerating improvements will require millions more dollars and should be done only if new financial resources and alternative financing techniques have been implemented.

~~The goal is to find the means in order to build 25 years worth of improvements over a 20 year period in order to ensure the well-timed delivery of urban infrastructure.~~ The Plan Realization section further describes the mechanisms that will link urban infrastructure programming to local market and growth conditions. It is important that there be adequate funds for the maintenance of infrastructure in the existing urban area as future growth occurs.

**Concurrent Improvements:** Infrastructure improvements should be made concurrent with development. Except in limited cases, such improvements should not be made in advance of development proposals in an area. There should be adequate infrastructure in place every year to accommodate housing and employment demands.

**Timing:** As projects are requested for faster implementation by a developer than are identified in the City's Capital Improvements Plan and the County 1 and 6 Program, the developer must be prepared to make additional financial contributions to improvements necessitated by a project if their project is moved to an earlier date.

**Encourage Efficiency:** There should be further cooperation between the public and private sector and long-range planning efforts to save on the City's development costs that could be used for infrastructure improvements.

**Maintain Expanding System:** The addition of infrastructure and growth of the City requires attention to provide an adequate level of service. Expanding facilities adds financial maintenance needs for all city services.

## STRATEGIES

In May 2003, the Mayor's Infrastructure Financing Committee adopted their final report. This report includes a review and recommendations on many different financing options and includes many worthwhile strategies and actions. The final report should be used as resource for future consideration of funding options.

The primary focus of these strategies is on city water, wastewater, stormwater, roads, parks, and trails. This is based on the discussion in the community over the past several years about changes in how the City finances some infrastructure improvements. In the future additional strategies in these and other areas may be developed. The following is the recommended general approach for each infrastructure type.

## WATER & WASTEWATER

The Community should ~~establish~~ maintain a balanced system of financing improvements that uses both ~~connection~~ impact fees paid by new construction and utility fees paid by rate payers throughout the city.

~~Establish an connection~~ Continue to utilize impact fees in newly developing areas, to be paid at the time of building permit, to recover a portion of the capital costs to build trunk sewer lines and water mains. ~~The fee should not significantly impact housing costs and could be less regressive if smaller lots paid less for the water connection fee. The connection fee should be paid by residential, commercial, industrial and public/semi-public uses. The impact fee will be used to build needed improvements to provide for the growth of the community. This includes increasing the capacity of the existing water and wastewater treatment facilities for future growth. Developers will be reimbursed from impact fees for building the larger water and wastewater mains that serve their developments and others nearby.~~

~~Utility fees paid by utility customers as a whole should continue to fund the cost of the over-sizing portion of section line water mains and over-sizing basin trunk sewer lines. Utility fees should also fund the costs for water and sewer treatment, storage, pressure and pumping, which provide a community benefit. In addition Utility fees should pay for operation, maintenance, debt service, replacement improvements, and fund the majority of capital improvements, including growth related projects. It may be~~ For several years, it will be necessary to initiate a series of ~~minor~~ increases in utility fees and use of existing utility fund balances in conjunction with the ~~connection-impact~~ fees mentioned above. Prior to 2003, utility rates had not been increased for over ten years. The increases are necessary to support the growth of the community as well as to maintain the existing system.

The City will continue with the strategic use of revenue bonds. Some use of revenue bonds may be needed until ~~connection-impact~~ and utility fees generate enough funds for improvements. Revenue bonds are not a new source of revenue, but only a means to address the timing of improvements. Revenue bonds must ultimately be paid back, with interest.

## ARTERIAL STREETS

The Community should establish a balanced system of financing improvements that uses both impact fees paid by new construction, wheel taxes paid by rate payers throughout the city and state and federal funds.

~~Establish an impact fee at the time of building permit for road improvement costs in developing areas. Fees should not be at full capital recovery cost for residential uses. Large traffic generators, like commercial and industrial businesses, will pay a majority of the costs due to their traffic impact. Some mechanism should be employed so that the road impact fee does not impact affordable housing. The Arterial Street impact fee will be used to build streets which support the growth of the community. Developers will be reimbursed from impact fees for building arterial streets which benefit their developments and the traveling public as a whole.~~

Encourage the City and County to continue to cooperate on development and right-of-way acquisition and grading standards so that rural roads can safely and efficiently transition into urban roads.

The City should continue to consider the various funding options in Lincoln, such as a local gasoline occupation tax and general obligation bonds for road construction and seek new sources that meet our growth needs such as sales tax and additional state gas taxes.

The portion of the wheel tax, generated by the wheel tax increases in 1996 and 1997, should be used in newly developing areas as intended.

## PARKS AND TRAILS

The Community should ~~establish a~~ continue the balanced system of financing improvements that uses both impact fees and land dedication paid by new construction with general revenue taxes paid by the community as a whole. The impact fee will be used to build neighborhood parks and trails in newly developing areas. Developers will be reimbursed for dedicating park land and building eligible improvements they make in order to serve their developments.

~~Establish a mandatory park land and trail dedication requirement for residential plats. Establish a park and trail impact fee that can be paid in-lieu of land dedication.~~

Continued use of General Obligation bonds in some circumstances for parks and recreational facilities with community wide use.

## **STORMWATER**

Establish a city wide stormwater utility, as a division of the Public Works and Utilities Department. In addition, establish a service fee to be paid by residential, commercial, industrial and public/semi-public uses. Funds would be used by Public Works and Utilities to fund improvements and would be kept in a separate enterprise fund.

Continue to work cooperatively with the Lower Platte South Natural Resources District on innovative and efficient ways to provide watershed management services throughout the County.

## **OTHER URBAN SERVICES**

New funding sources are not recommended at this time for the landfill, Lincoln Electric System, Lincoln Fire Department, Lincoln Police Department, Lincoln City Libraries and other Lincoln departments.

The City will continue to seek grants and other new sources of revenues to pay for capital improvements.

New urban development should be timed so that there is adequate school capacity in the developing areas.

School capital costs should be reviewed in future studies on the costs of growth.

## **COUNTY SERVICES**

Services in the County are provided by a variety of different agencies, such as the County Engineer, rural water districts, rural school districts, and fire districts. While the Comprehensive Plan does not recommend any changes in the current method of financing improvements, the land use recommendations of the Plan can significantly impact County service delivery. The location of future residential, commercial and industrial uses can have a significant impact on the provision of rural services. Land use decisions should encourage development in existing towns.

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